on velvet. A year hence the German War Debt will be not less than £8000 millions. The interest on that will be at least £400 millions, a sinking fund at l per cent, will be ^40 millions. Their pension engagements, which will be much higher than ours owing to their far heavier casualties, have been estimated at amounts ranging as high as £200 millions. The Chancellor was sure that he was within the mark in saying that it will be at least £150 millions. Their normal pre-war expenditure was £130 millions, so that they will have to face a total expenditure at the end of the war of £720 millions. On the other side of the account their pre-war revenue was £150 millions. They have announced their intention of this year raising additional permanent Imperial revenue amounting to £120 millions. From the nature of the taxes the Chancellor considers it very difficult to believe that this amount will be realised, but, assuming that it is, it will make their total additional revenue £185 millions. That, added to the pre-war revenue, gives a total of £335 millions, showing " a deficit at the end of this year, comparing the revenue with the expenditure, of £385 millions at least/' The Chancellor added that if that were our position he would certainly think that bankruptcy was not far from the British Government.

Another point that the Chancellor

was able to make effectively, in comparing our war revenue with Germany's, was the fact that, with the exception of the war increment tax, scarcely any of the additional revenue has been obtained from the wealthier